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**For Immediate Release
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Use tax collection changes for tangible property effective July 23

HB 380 authorizes county clerks to collect tax on property purchased from out-of-state retailers

FRANKFORT, Ky.—Beginning Monday, July 23, 2007, a procedural change will take effect when taxpayers title or register certain tangible personal property purchased outside Kentucky.

Taxpayers should be prepared to pay the 6 percent use tax on items purchased at retail from out-of-state vendors such as boats, trailers, ATVs and manufactured homes, when presenting the property for titling or first-time registration with their local county clerk's office.

House Bill 380, passed during the 2006 Kentucky General Assembly, authorizes local county clerks to collect the 6 percent use tax owed on tangible personal property purchased from out-of-state vendors for use in Kentucky. The use tax imposed on these purchases from out-of-state retailers is complementary to the sales tax imposed on in-state purchases to ensure equal tax treatment of retail transactions regardless of where the items are purchased.

If proper documentation is provided, the clerk will allow credit for the out-of-state sales tax previously paid on the property or accept any applicable sales and use tax exemptions that may apply to the specific property being presented for processing by the clerk.

This new procedure allows taxpayers to pay their tax liability in a timely manner rather than paying interest and possible penalties when contacted by the Department of Revenue after titling and/or first-time registration has occurred.

For further information on the collection of use tax on out-of-state purchases of tangible personal property, please call the Division of Sales and Use Tax at (502)564-5170 or e-mail at KRCWebresponseSalesTax@ky.gov.

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